

Registered agency:

SouthEast Housing Co-operative Ltd

Category of registration:

Housing Provider (registered 21 November 2008)

Date of annual review:

February 2012 (incorporating 2010-11 annual reporting)

Summary of review findings

SouthEast Housing Co-operative Ltd (SEHC) continues to manage 150 Director of Housing (DoH) owned properties under the Housing Provider Framework Lease and Property Management Agreement (HPF). Under the HPF, SEHC is responsible for the tenancy management and undertakes the repairs and maintenance on the properties to provide affordable homes for low income people. The agency also owns ten properties and until May 2011, managed 18 properties for Haven.

Following the investigation of a series of complaints, the Registrar of Housing Agencies issued a formal instruction, under the *Housing Act 1983*. The ensuing investigation showed SEHC did not meet a number of Performance Standards and it was formally instructed to work with Common Equity Housing Limited (CEHL) in January 2011 to remedy matters. SEHC responded positively to the instruction and demonstrated a willingness to work constructively with CEHL, specifically to strengthen governance and management and improve communication with its members.

SEHC was able to successfully resolve matters and the intervention instruction was removed in October 2011. Working with CEHL led to the signing of a Memorandum of Understanding and both agencies will continue the strategic alliance and further strengthen governance and management.

Other key achievements include:

- the launch of a book celebrating SEHCs' 25 years history;
- participation in and sponsorship of the National Housing Co-operative conference; and
- an excellent Annual Report.

SEHC's financial position remained sound, with total operating revenue of \$1.53 million and an operational surplus of \$193 080. Financial projections indicate that core operations will remain the same, with a revised strategic plan due for 2013.

SEHC has achieved compliance with Performance Standards and all other legislative requirements and demonstrated a strong commitment to continuous improvement. We acknowledge SEHC's hard work and constructive approach to resolve the intervention action.

Compliance with Performance Standards

The agency has complied with all Performance Standards.


Compliance with other legislative requirements

The agency has complied with all other legislative requirements.


Performance and continuous improvement

The agency has demonstrated satisfactory performance and continuous improvement.



Compliance with Performance Standards

Governance of the agency

The agency meets this Performance Standard



The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

During 2010-11, three directors retired and the positions were filled by two new members and a former director returning to re-join the board. All 11 meetings were held in quorum with attendance levels at 83.1 per cent. While this was below the previous year's figure of 89.7 per cent, it remains favourable compared with the average for similar agencies (82.3 per cent).

The board attended two governance workshops and work commenced on succession planning and a review of the board member induction process. These are important goals for 2011-12.

Board and sub-committee meetings were held to resolve compliance issues. For example the lease sub-committee developed the lease which was accepted in July 2011. A Communications Working Party (CWP) was also set up to improve the quality of communication and information to members. A new strategy for the website, induction and consultation was presented to the AGM in 2011.

The board worked with CEHL to improve its governance resulting in:

- a public record of board meetings and information provided to the board;
- revised board agenda and reporting calendar;
- clarification of roles and responsibilities of board and management;
- adoption of a revised governance framework with emphasis on decision making;
- development of an induction program for directors;
- implementation of a service charter, encapsulating organisational and member relationships and obligations;
- broadcast board news in Housing Futures; and
- changes to SEHC rules being approved.

We acknowledge the significant improvements made by SEHC to meet this Performance Standard.

Management of the agency

The agency meets this Performance Standard



The agency maintains an appropriate organisational structure, performance indicators and reporting structures. There is evidence of good business planning process.

SEHC advised that the intervention, although challenging, was an important catalyst in addressing organisational improvements. The board now functions more effectively, the relationship between board and General Manager is effective and accountability and transparency to members has been strengthened.

SEHC has:

- established a comprehensive set of organisational performance standards;
- appointed a new General Manager;
- developed systems to improve interaction between the board and General Manager;
- developed an MOU with CEHL; and
- improved communication with its members; and
- developed a directors induction kit.

Communication was improved with the launch of a rebranded newsletter and improvements to the website to increase accessibility.

The increase in complaints was largely due to issues surrounding the proposed lease, which has been resolved. A new complaints policy was developed and adopted in July 2011 and staff and management attended training on complaints management. A complaints brochure was made available to all members.

CEHL continues to provide staff mentoring through the strategic alliance. Communication between board, management and staff improved with more frequent staff meetings and better reporting.

While key performance data was submitted in a timely manner, it needed several corrections. SEHC must ensure that data collection validation and reporting is accurate. We note that staff were responsive in rectifying matters.

SEHC's business plan sets out achievable goals to further strengthen governance and improve communication. Future business plans should incorporate:

- identifiable goals to measures progress and achievement;
- structure and governance of the organisation (i.e. board profiles, organisational chart, responsibilities);
- financial modelling and budget allocated for delivering outputs; and
- risk management against targets (opportunities and threats).

Probity

The agency meets this Performance Standard



Based on 2010-11 reporting, the Housing Registrar considers the agency has suitable arrangements in place covering this Performance Standard.

In consultation with members, the lease sub-committee developed a lease agreement which meets with the *Residential Tenancies Act* and DoH requirements. Four lease sub-committee meetings and two general meetings were held to facilitate member participation in decision making regarding the proposed lease. It is now mandatory for the membership to be consulted prior to the implementation of new or changes to lease related policies.

In line with the review of its procedures, new directors now undergo police and annual bankruptcy checks.

Financial viability

The agency meets this Performance Standard



Historic financial highlights include:

- net rental revenue of \$1.5 million, a 12 per cent increase on the prior year due to a DoH rent review;
- management fees of \$18 361 for the period up to May 2011 from managing 18 properties for Haven;
- reduction in its loan liability by \$406 638, with the intention to settle the residual loan amount of \$231 614 by June 2012;
- \$285 209 directed towards maintenance and \$749,630 spent on Community Capacity Building projects such as member engagement, intervention related initiatives and property renovations; and
- current ratio of 3.3 times and cash balance of \$475 577.

SEHC owns ten houses and an asset management strategy should be developed to ensure sufficient cash reserves exist to meet future capital maintenance requirements.

SEHC plans to purchase further properties at an estimated cost of \$1.3 million in 2013-14, funded out of equity and 75 per cent government grant. Given the current funding and policy environment, this is optimistic.

The financial forecast indicates the agency continues to be financially viable based on the following projections:

- business as usual, with operating surplus around \$200 000 per annum;
- positive operating cash flow over the forecast period averaging \$270 500; and
- net assets of \$3.15 million as at 30 June 2011, increasing to \$4.77million by 30 June 2014, subject to the asset acquisition and government funding.

Tenancy management

The agency meets this Performance Standard



The agency demonstrates satisfactory service delivery supported by appropriate documentation, systems and processes.

SEHC demonstrated good performance against all key performance measures (KPM) relating to tenancy management. Notably, it compared favourably against the average for similar agencies in all measures.

Tenant satisfaction with housing services was slightly lower than the previous year at 79.3 per cent and significantly less than the average of 92.9 per cent for similar sized agencies. Satisfaction with consideration of views at 82.8 per cent was also lower than the previous year and the average. This is expected to improve following the initiatives to improve communication.

Stakeholder feedback from the Program Leasing Team in DoH advised that SEHC was responsive to enquiries and that reports were accurate and submitted in a timely manner. They also note that tenancy arrears and vacancy rates were low, consistent with the KPM data submitted to the Housing Registrar.

Housing management and maintenance

The agency meets this Performance Standard



The agency provides evidence of a satisfactory approach to asset management and maintenance processes.

All urgent and non-urgent maintenance requests were reported to be completed within the required time frames. Tenant satisfaction with maintenance was recorded at 69 per cent, which is lower than the previous year and lower than other comparable agencies. SEHC should improve the service delivery in light of the tenant satisfaction levels.

Energy efficiency audits were undertaken on 37 properties as part of a Department of Sustainability and Environment initiative. SEHC will use the reports to develop future asset plans and to inform tenants on ways to reduce energy usage

Risk management

The agency meets this Performance Standard



Based on the risk policies and the agency's self assessment, SEHC has met the requirements of this Performance Standard.

The agency has adopted a risk management framework incorporating risk processes and policies covering such areas as public liability; critical incident reporting and compliance with

essential safety services; Occupational Health and Safety, asset management and financial management. Staff are trained in risk awareness and have access to relevant policies and procedures.

The Audit Committee met three times during the year and has established a risk register which is reviewed annually by the board. A risk plan will be discussed at the February 2012 Audit Committee meeting.

Performance and continuous improvement

The agency meets this requirement.



The agency demonstrates achievements against business plan objectives and targets, performed well against key performance measures and sets a range of objectives for 2011-12. There is evidence of a commitment towards continuous improvement.

Recommendations for continuous improvement

(Please find any specific details and timelines for the regulatory plan in REGIS)

Management of the agency:

- improve future business plans; and
- ensure KPM data collection is accurate and ensure staff attend the annual KPM forum to better understand reporting requirements.

Housing Management and Maintenance:

- report on implementation of an asset management strategy for SEHC owned properties; and
- monitor maintenance operations and develop strategies to improve tenant satisfaction with maintenance services.

Other legislative requirements

Date of Annual General Meeting (AGM): 21 November 2011

Complaints dispute resolution.	✓
Annual financial statements received within the legislative 28 days after the AGM	✓
Performance Standards self-assessment received within the legislative 28 days after the AGM.	✓
Declarations received within the legislative 28 days after the AGM	✓
Agency confirms register of housing agencies has been updated accordingly.	✓

DISCLAIMER

Financial and non-financial reporting submitted to the Housing Registrar will be used for the annual regulatory review of the registered housing associations and providers. In completing this review, the Housing Registrar places reliance on the completeness and accuracy of information supplied to us by the agency and other parties. The information is used to inform our approach to regulation and to identify possible non-compliance with the legislative requirements and gazetted performance standards for further investigation.

The review report, and financial and other reporting templates assist us in our statutory duty of regulation of registered housing agencies. Our review report presents conclusions that we have reached regarding the agency's compliance. The Housing Registrar accepts no liability whatsoever for the accuracy or completeness of any information or assessment contained in the review report. No third party may rely on its contents, but must make its own investigations or enquiries.

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Annual Review Report 2010-11 Addendum
SouthEast Housing Co-operative Ltd.
Key Performance Measures Summary

Following consultation with the registered housing sector, the Housing Registrar agrees to provide summary data prior to the publication on the annual sector performance report. The information is a guide and importantly, should only be considered within the context of the attached Annual Review Report.

	KPM	SEHC 2009-10	SEHC 2010-11	Similar agencies 2010-11
1	Regular board meetings	100%	100%	95.8%
2	Active board members	89.7%	83.1%	82.3%
3	Business plan and budget approval finalised within reasonable timeframe	Yes 2/8/2010 and 23/7/2010 ⁷⁷	Yes 29/7/2011 and 24/6/2011	N/A
4	Staff turnover	12.5%	14.3%	26%
5	Senior staff turnover	50%	50%	17.4%
6	Turnaround time	13 days	12 days	9 days
7	Void loss	0.1%	0.2%	1.1%
8	Rent outstanding from current tenants	0.9%	0.6%	1.6%
9	Arrears written off as bad debt	0	0.1%	1.0%
10	Evictions (percentage of exits)	0	0	4.4%
11	Tenancies maintained	98.1%	95.6%	87.9%
12	Current tenants owing more than 8 weeks	0	0	2.1%
13	Complaints from tenants/prospective tenants resolved within 30 days.	100%	40%	76.1%
14	Tenants satisfaction – housing services	80%	79.3%	92.9%
15	Tenants satisfaction – consideration of views	95%	82.8%	93.8%
16	Urgent repairs resolved in 24 hours	100%	100%	98.8%
17	Non-urgent repairs resolved with 14 days	100%	100%	85.3%
18	Tenant satisfaction – maintenance	80%%	69.0%	91.3%